

S E C R E T

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

30 May 1979

National Intelligence Officers

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director for National
Foreign Assessment

National Intelligence Officer
for Warning

FROM:
Assistant National Intelligence
Officer for China

SUBJECT: Monthly Warning Assessment: China

Summary

Analysts at our May meeting recognized a series of persisting problems connected with China, but felt that none of them foreshadowed a crisis in the near or medium term. In fact, there appeared to be general consensus that the Vietnamese-Indochina problem was less menacing than at any time so far this year. The problems on which attention focused had all been identified before, were not likely to go away soon, but were not likely to cause major apprehension in the near future.

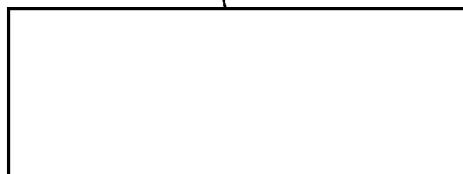
1. Indochina. Analysts generally agreed that, while the talks between China and Vietnam were stalemated, neither side was likely to resort to force (on a reasonably large scale) anytime soon. The Chinese had returned a considerable portion of their invasion force to garrison at a distance from the border, and it would be difficult to gather them together again quickly. This seemed the overriding consideration when assessing the Chinese position, although it was noted that certain ad hoc command facilities established just before the

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invasion remained in being. The Vietnamese, although reinforced in the border area, showed in the Hanoi negotiations a strong desire to keep the common border relatively quiet. It was generally agreed that Pol Pot's situation in Kampuchea had markedly deteriorated, but most analysts thought his position was not so bad as to require special action on the part of the Chinese. Analysts took note of the surfacing of the "Lao Socialist Party" and took this as a sign that China was preparing an attempt to undermine the Lao regime, but felt this was a long-term proposition unlikely to cause a crisis anytime soon.

2. Sino-Soviet Relations. Analysts took note of the recent Chinese initiative for the initiating of new bilateral talks (separate from the long-stalled border negotiations) with the Soviets. They agreed that genuine movement toward a rapprochement would have very great significance on the world balance, but all felt that room for real improvement in relations was sharply limited. The proposition that the analytical issue was really whether the Chinese proposal was merely window dressing or whether it presaged a limited reduction in tensions between Beijing and Moscow was accepted; it was generally felt that this issue could not be resolved until we had a better fix on what precisely the Chinese were proposing to discuss. It was noted, however, that this overall assessment could change if there were major shifts on the Chinese domestic scene.

3. Domestic Politics. There was unanimous agreement that the domestic political scene had darkened over the past month. Analysts agreed that Deng Xiaoping was under pressure and on the defensive, and that shifts in the treatment of domestic policies were significant not only for their own sake but also as signals that the political situation had heated up. Analysts generally believed, however, that the situation was not yet out of hand, that while there had been something of a fragmentation of the political landscape no group or faction appeared to have replaced Deng in the dominant position, and that it was entirely possible that Deng could regain the offensive and recoup his apparent recent losses. Analysts reaffirmed the proposition that Deng was personally highly important to the further development of Sino-US relations, and that there was no obvious replacement for him in this role.



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